

FORECASTS COMPARISON

Idaho has a dynamic economy whose growth is influenced by a myriad of local, national, and international factors. Therefore, changes to the projected values of such diverse variables as oil prices, interest rates, and national housing starts can have an effect at the state level. In order to account for the effects of such changes on the state's economy, each issue of the *Idaho Economic Forecast* uses Global Insight's most recent forecast of the U.S. economy. Additional data, such as company-specific expansions and/or contractions are also considered.

The following comparison table shows how the outlooks for several key Idaho and national economic series have changed from the October 2007 to the January 2008 *Idaho Economic Forecast*. The October 2007 *Idaho Economic Forecast* is based on Global Insight's October 2007 baseline forecast and the January 2008 *Idaho Economic Forecast* is driven by Global Insight's December 2007 baseline U.S. macroeconomic forecast.

Several key variables show how the outlooks for the national and state economies have changed compared to the October 2007 *Idaho Economic Forecast*. The national variables are discussed first. The bottom line is the U.S. economic outlook has changed very little since October 2007. Real GDP, one of the most widely used barometers of the economy's health, is 0.2% higher in 2007, and virtually unchanged in the remaining years of the forecast. Interestingly, the differences between real personal income in the current and previous forecasts are much larger. One of the reasons for this gap is weaker earned income caused by reduced wage prospects. Specifically, the U.S. average annual wage is about 1.1% lower in each year. As is the case with real output, nonfarm employment is virtually the same as it was in the previous forecast. The federal funds rate is lower in 2008 and 2009 in the current forecast, reflecting the assumption that the Federal Reserve will loosen more aggressively. Other key interest rates are also forecast to be lower during these two years.

A comparison between the current and previous Idaho economic forecasts is complicated by the recent data revision. This feature limits the usefulness of using employment differences as a meter of change. Instead, we refocus our attention on growth rates. Idaho nonfarm employment is expected to grow 2.3% annually over the 2007-2010 forecast period. This pace is slightly faster than the 2.1% annual rate anticipated in October 2007. Idaho real personal income is projected to advance 4.3% per year in the current forecast, which is slightly below the previous estimate of 4.4%.

**IDAHO ECONOMIC FORECAST
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DIFFERENCES BETWEEN
JANUARY 2008 AND OCTOBER 2007 FORECASTS**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
U.S. GDP (BILLIONS)										
Current \$	0	0	0	0	0	0	24	-6	-54	-50
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.0%	-0.4%	-0.3%
2000 Chain-Weighted	0	0	0	0	0	0	21	1	-5	8
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	0.1%
PERSONAL INCOME - CURR \$										
Idaho (Millions)	0	0	0	0	0	0	59	117	55	-200
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.2%	0.1%	-0.4%
U.S. (Billions)	0	0	0	0	0	0	-32	-52	-77	-91
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.3%	-0.4%	-0.6%	-0.7%
PERSONAL INCOME - 2000 \$										
Idaho (Millions)	0	0	0	0	0	0	-7	-11	-29	-218
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	-0.5%
U.S. (Billions)	0	0	0	0	0	0	-41	-70	-82	-88
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.4%	-0.7%	-0.8%	-0.8%
TOTAL NONFARM EMPLOYMENT										
Idaho	1	4	6	8	8	3	6,823	8,623	8,340	5,372
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.0%	1.3%	1.2%	0.8%
U.S. (Thousands)	0	0	0	0	0	0	75	203	218	300
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.2%	0.2%
GOODS PRODUCING SECTOR										
Idaho	-1	0	1	3	3	2	1,952	2,540	2,011	693
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.6%	2.2%	1.7%	0.6%
U.S. (Thousands)	0	0	0	0	0	0	-7	31	-51	-41
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	-0.2%	-0.2%
NONGOODS PRODUCING SECTOR										
Idaho	2	4	5	5	4	1	4,871	6,083	6,328	4,679
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.9%	1.1%	1.1%	0.8%
U.S. (Thousands)	0	0	0	0	0	0	82	172	269	341
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.2%	0.3%
SELECTED INTEREST RATES										
Federal Funds Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.7%	-0.6%	0.0%
Bank Prime Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.7%	-0.6%	0.0%
Existing Home Mortgage Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.5%	-0.5%	0.0%
INFLATION										
GDP Price Deflator	0.000	0.000	0.000	0.000	0.000	0.000	-0.010	-0.057	-0.401	-0.486
Personal Cons Deflator	0.000	0.000	0.000	0.000	0.000	0.000	0.164	0.313	0.210	0.157
Consumer Price Index	0.000	0.000	0.000	0.000	0.000	0.000	0.004	0.010	0.007	0.006

Forecast Begins the **THIRD** Quarter of 2007